GREAT AMERICAN INSURANCE GROUP | Executive Liability

# Community Associations:
# **What Could Go Wrong?**

**1.** The association's building was severely damaged by a hurricane. A unit owner then sued the association alleging it breached its fiduciary duties because: (1) the amount of insurance proceeds that the Association attributed for the repair of plaintiff's unit was inadequate, and (2) the Association failed to ensure that the property insurance carrier paid the maximum amount to fix the damage to plaintiff's unit. The case presented a low risk of liability. The parties settled the case at mediation after the case went through discovery and dispositive motion practice. Loss Paid: **$10,000**; Expenses Paid: **$81,000**.

**2.** The association's former property manager sued the association for breach of contract and unjust enrichment. Plaintiff alleged it was entitled to additional payment under its contract with the association for its work in assisting the association to secure insurance proceeds from its property insurance carrier after a hurricane damaged the association's property. After extensive litigation, the parties agreed to resolve the lawsuit. Expense paid: **$39,000**.

**3.** Plaintiff filed suit against his community association alleging it selectively enforced its bylaws by failing to properly maintain his landscaping. The risk of liability was low, as the evidence showed that the Association hired landscapers who allocated the same amount of time and resources to all of the homeowners' lots. Plaintiff refused to settle the case on reasonable terms before trial. The case proceeded to trial, which lasted over four weeks. After trial, the judge rendered a decision in favor of the insured. The plaintiff appealed, and the appellate court reversed the trial court's finding and remanded the case back to the trial court for another trial. The parties agreed to a walk-away settlement shortly after the case was remanded. Total defense paid: **$864,000**.

**4.** Plaintiff filed suit against his community association alleging he had exclusive use of a piece of common property located next to his home pursuant to the terms of the association's governing documents. The association took the position that the land was designated as common use property for the use of all unit owners based upon its interpretation of the bylaws. The parties filed cross-motions for summary judgment, and the court ruled in favor of the plaintiff. Plaintiff was entitled to attorney's fees if successful in this case. Total Expense paid: **$445,000**; Total Loss paid: **$450,000**.